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**Meeting** EXECUTIVE  
**Portfolio Area** RESOURCES AND TRANSFORMATION  
**Date** 17 January 2024



## DRAFT GENERAL FUND AND COUNCIL TAX SETTING 2024/25

### KEY DECISION

**Authors** Clare Fletcher  
**Contributor** Senior Leadership Team  
**Lead Officers** Clare Fletcher  
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### 1 PURPOSE

- 1.1 To consider the Council's draft 2024/25 General Fund Budget, Council Tax Support Scheme and draft proposals for the 2024/25 Council Tax.
- 1.2 To consider the projected 2023/24 General Fund Budget.

### 2 RECOMMENDATIONS

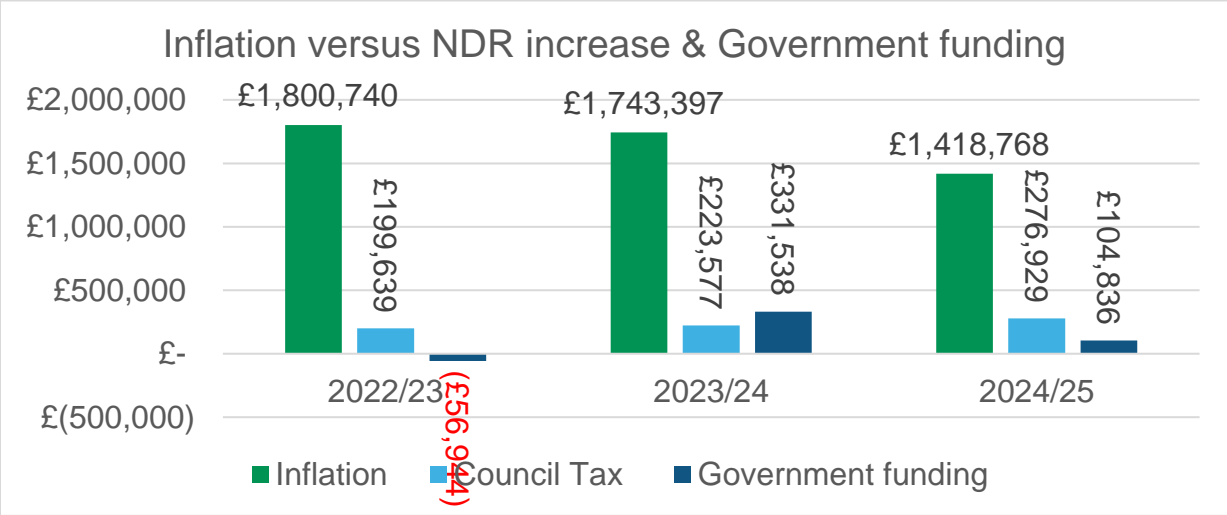
- 2.1 The 2023/24 revised net expenditure on the General Fund of **£13,272,960** is approved as set out in paragraph 4.10.1.
- 2.2 The draft General Fund Budget for 2024/25 of **£11,427,090** is proposed for consultation purposes, with a contribution from balances of **£50,494** and a Band D Council Tax of £239.26, (assuming a 2.99% Council Tax increase).
- 2.3 The updated position on the General Fund Medium Term Financial Strategy (MTFS) as summarised in section 4.12 be noted.

- 2.4 The minimum level of General Fund reserves of **£3,537,794**, which is in line with the 2024/25 risk assessment of balances, as shown at Appendix C to this report, is approved.
- 2.5 The contingency sum of **£400,000** within which the Executive can approve supplementary estimates, be approved for 2024/25, (reflecting the level of balances available above the minimum amount).
- 2.6 The 2024/25 Balancing the Budget options as set out in section 4.7 and Appendix A, totalling **£1,223,852** and **£95,063** for the General Fund and HRA respectively, be included into the Council's budget setting processes for consideration by the Overview & Scrutiny Committee.
- 2.7 That events options as set out in paragraph 4.7.4 are approved for 2024/25.
- 2.8 The Growth options included in section 4.8 are approved for inclusion in the 2024/25 General Fund (**£167,120**) and HRA (£47,265) budgets.
- 2.9 That the pressures identified in sections 4.2 and 4.9 to this report are noted.
- 2.10 Members approve the use of £200K of Business Rates in the base budget and any gains above that are only used once realised and are ring fenced to maintain the Council's financial resilience.
- 2.11 Members approve the use of the 'pooling gains' of **£220,000** as set out in paragraph 4.4.7.
- 2.12 That the decisions taken on recommendations 2.2 – 2.11 above be referred to the Overview and Scrutiny Committee for consideration in accordance with the Budget and Policy Framework rules in the Council's Constitution.
- 2.13 That Members note the Equalities Impact Assessment appended to this report (Appendix D).
- 2.14 That key partners and other stakeholders are consulted and their views considered as part of the 2024/25 budget setting process.

### **3. BACKGROUND**

- 3.1 This report sets out the 2024/25 draft General Fund Budget including Balancing the Budget (BTB) options, growth bids and pressures. The General Fund Budget forms part of the Council's Budget and Policy Framework. Under Article 4 of the Constitution, the Budget includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the council tax; the council tax support scheme; decisions relating to the control of the Council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits.
- 3.2 As set out in the November 2023 Executive Balancing the Budget report, the 2024/25 budget setting process should be considered against the backdrop of Government grant cuts which total £5.3Million since 2010 which have required the Council to find cumulative savings of £11Million when inflationary costs are also taken into consideration. COVID affected the Council's finances during 2020/21-2021/22 (an estimated £4Million cost) as has the cost of living crisis due to higher inflation (estimated £1.4Million impact during 2023/24).

3.3 Members will have seen a number of local government journal and national press articles which highlight concerns concerning the local government funding model. The Government has commenced an inquiry on financial distress in local authorities. This follows a number of Councils issuing a section 114 notice because they can no longer set a balanced budget for the year. The Local Government Association (LGA), District Council Network (DCN) and the County Council's Network (CCN) amongst other organisations have all warned that more Section 114 notices are likely unless the local government funding model is revised to reflect the pressures councils are facing across a range of services.



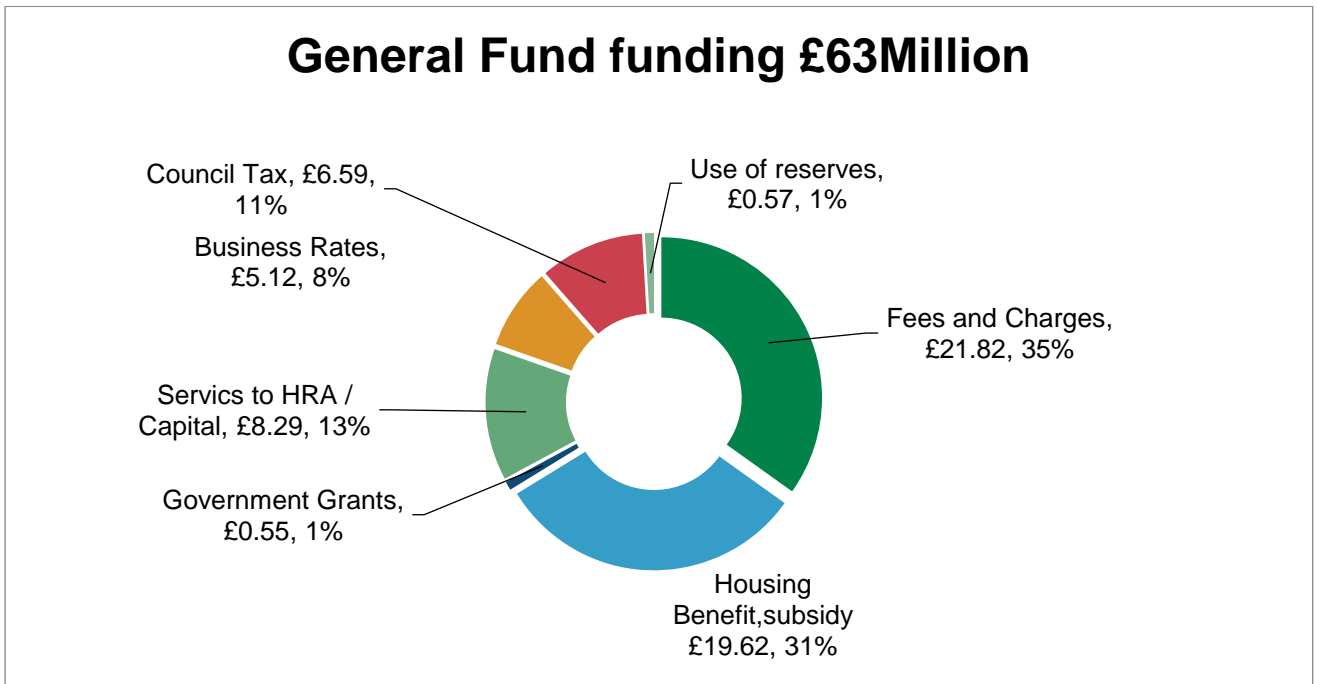
Note: as reported in the November 2023 Balancing the budget report

- 3.4 It is also worth noting that there has been a transition towards more inherent risk within local government funding, where resources can fluctuate significantly between years, such as new homes bonus or business rates and annual specific service grant awards.
- 3.5 New and unfunded pressures, less certainty over funding, government policy changes which carry financial impacts and higher inflation will, most regrettably, result in further service reductions / cessations unless appropriate changes are made to the local government funding model.
- 3.6 A survey by the District Councils' Network (DCN), published 24 October 2023 revealed that 52% of respondents do not expect to be able to balance their budget in 2024/25 without needing to draw on reserves, with a further 24% unsure of their positions. The DCN predicted that authorities face a total budget deficit of £550m in 2023/24 and £610m in 2024/25. The DCN stated that Councils also anticipate making savings amounting to 9% of their budgets which are likely to affect service provision. Elizabeth Dennis, the DCN's finance spokesperson, said: "Unless we receive a realistic financial settlement and the financial freedoms to ensure we can raise extra money to undertake our work, councils are left only with an impossible choice of which services to cut back. "Any further scaling back of district council services would be disastrous."
- 3.7 The Local Government Association (LGA) survey which took place prior to the Department for Levelling Up, Housing & Communities publishing the finance

policy statement on the 5 December 2023 identified that one in five councils in England may have to issue a section 114 notice this year or next year. The LGA has previously estimated that English councils face a £4bn funding gap over the next two years to “keep services standing”.

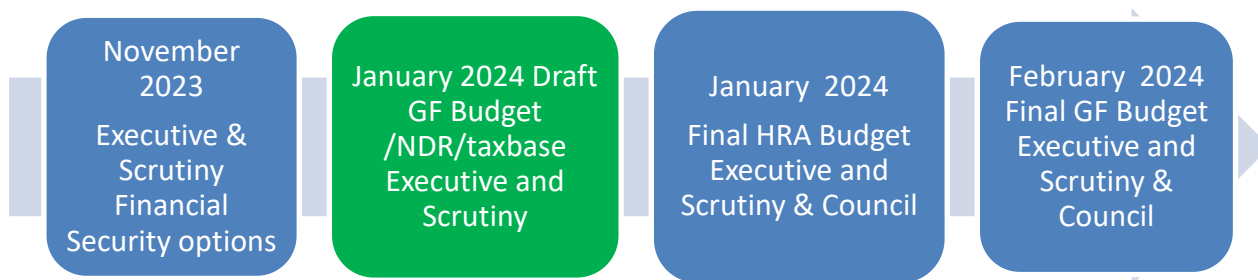
3.8 Since the November Balancing the Budget report the government has published the Finance Settlement for Councils for 2024/25. A summary of what this means for the Council is set out in section 4.1 and the General Fund resource projections have been updated accordingly.

3.9 The original 2023/24 SBC General Fund net budget of £12.46Million (gross £63Million) is funded as set out below.



3.8 Due to the significant level of savings required in recent years this Council along with many others has adopted a one year budget setting process rather than taking a three year view. Whilst the Council does not currently have a three year budget the Medium Term Financial Strategy identifies the projected funding needs over a longer period and is reviewed annually. The Balancing the Budget priority has a number of workstreams and Members will note that for 2024/25, the Transformation and the Co-operative Commercial Insourcing Strategy have contributed significantly for the 2024/25 ‘Balancing the Budget’ savings target. Accordingly, no service cuts are proposed for . Next year. However, with a forecasted on-going need to make £1Million savings per year, work to look at initiatives / options for 2025/26 will commence early in the next financial year.

3.9 The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a consultation period. The timescale required to implement this process is outlined below.



#### 4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

##### 4.1 Stevenage Borough Finance Settlement 2024/25

- 4.1.1 On 18 December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) released a written statement to Parliament on the provisional local government finance settlement 2024/25. The settlement is for one year and is based on the Spending Review 2023 (SR23) funding levels. The National Core Spending Power (CSP) figures show an increase of 6.5% for 2024/25, however this includes assumptions about increases in council tax, which increases core spending power by 3.5% nationally.

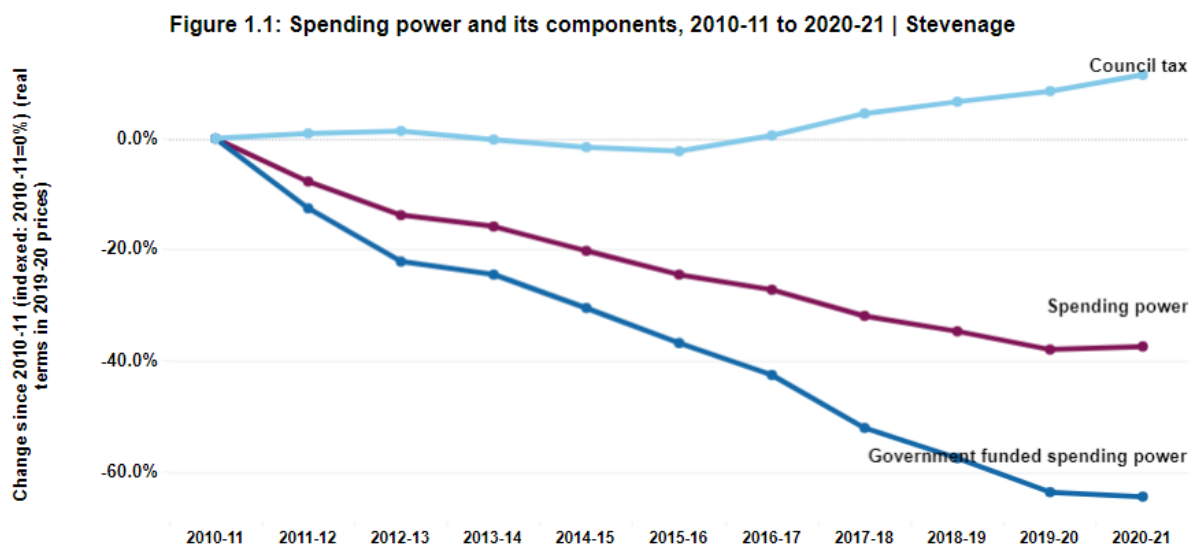
National Provisional Funding Settlement	2023-24 £Million	2024-25 £Million	Variance £Million	% change of total increase
Settlement Funding Assessment	£15,671	£16,563	£892	
Under-indexing the business rates multiplier	£2,205	£2,581	£376	
Council Tax Requirement exc. parish precepts	£33,984	£36,062	£2,078	<b>3.5%</b>
New Homes Bonus	£291	£291	£0	
Services Grant	£483	£77	(£406)	
Funding Guarantee	£133	£197	£64	
Rural Services Delivery Grant	£95	£95	£0	
Improved Better Care Fund	£2,140	£2,140	(£0)	
Social Care Grant	£3,852	£4,544	£692	
ASC Mkt Sustainability and Improvement Fund	£562	£1,050	£488	
Adult Social Care Discharge Fund	£300	£500	£200	
Grants rolled in	£480	£0	(£480)	
<b>Core Spending Power</b>	<b>£60,196</b>	<b>£64,100</b>	<b>£3,904</b>	<b>6.5%</b>

- 4.1.2 The council tax referendum limit will be 3% or £5 on a Band D, whichever is the greater for local authorities, with social care authorities allowed to collect an additional 2% social care precept. There were exceptions to the referendum limits for a few Councils with Woking at 10% and Slough / Thurrock 8%.
- 4.1.3 For 2024/25 the small business multiplier (SBRR) in England will be frozen for a fourth consecutive year at 49.9p, which applies to businesses with a rateable value of less than £51,000, while the standard multiplier (for all other businesses) will be uprated by September CPI (6.7%) to 54.6p. The under-indexing of the SBRR means the Council will collect less NNDR but the government has committed to funding these policy changes by giving Council's S31 grants to compensate for the reduction in income collected
- 4.1.4 The Stevenage New Homes Bonus (NHB) allowance for 2024/25 is £7,290 (2023/24 £86,736).
- 4.1.5 Top Up/Tariff Adjustments (Negative Revenue Support Grant RSG) – As in previous years, the government has not included any negative RSG in the settlement. As part of previous funding deals Councils were due to have their funding reduced by negative RSG which essential cuts the amount of monies retained by business rates as paying RSG had actually ceased by 2019/20. This would result in a cost of £27,146 to SBC in 2024/25 before any inflation indexing.
- 4.1.6 A summary of the 2024/25 settlement versus the September and December MTFS assumptions is shown in the table below, with funding £146K higher than estimated. This is partly because the government uses a four year historic average increase to estimate council tax bases for the CSP and that estimate was £50K lower than Stevenage's 2024/25 approved taxbase.

<b>Provisional Finance Settlement (2024/25)</b>				
	<b>September MTFS</b>	<b>December MTFS</b>	<b>Settlement</b>	<b>Variance</b>
Business Rates	(£2,847,507)	(£2,847,507)	(£2,812,960)	£34,547
Under indexing	(£482,000)	(£482,000)	(£509,446)	(£27,446)
<b>Total Business Rates</b>	<b>(£3,329,507)</b>	<b>(£3,329,507)</b>	<b>(£3,322,406)</b>	<b>£7,101</b>
Revenue Support Grant	(£108,120)	(£108,120)	(£108,811)	(£691)
New Homes Bonus (NHB)	(£10,000)	(£10,000)	(£7,290)	£2,710
Services Grant	(£100,000)	(£100,000)	(£16,371)	£83,629
3% guarantee	(£51,728)	(£51,728)	(£291,982)	(£240,254)
<b>Total</b>	<b>(£3,491,235)</b>	<b>(£3,491,235)</b>	<b>(£3,746,860)</b>	<b>(£146,814)</b>

- 4.1.7 The District Councils' Network Chairman Cllr Sam Chapman Allen said regarding the announcement,  
 "Today's settlement falls well short of stemming the acute financial pressures for district councils resulting from the 15% real-terms spending squeeze since 2015, rapid growth in demand for temporary accommodation, and prolonged steep cost and pay inflation"

4.1.8 While the 2024/25 CSP increase is 6.5%, The National Audit Office (NAO) have published data that shows Stevenage's Core Spending Power (CSP) **has reduced by 64.5% in real terms** (2019/20 prices) when comparing 2010/11 to 2020/21).



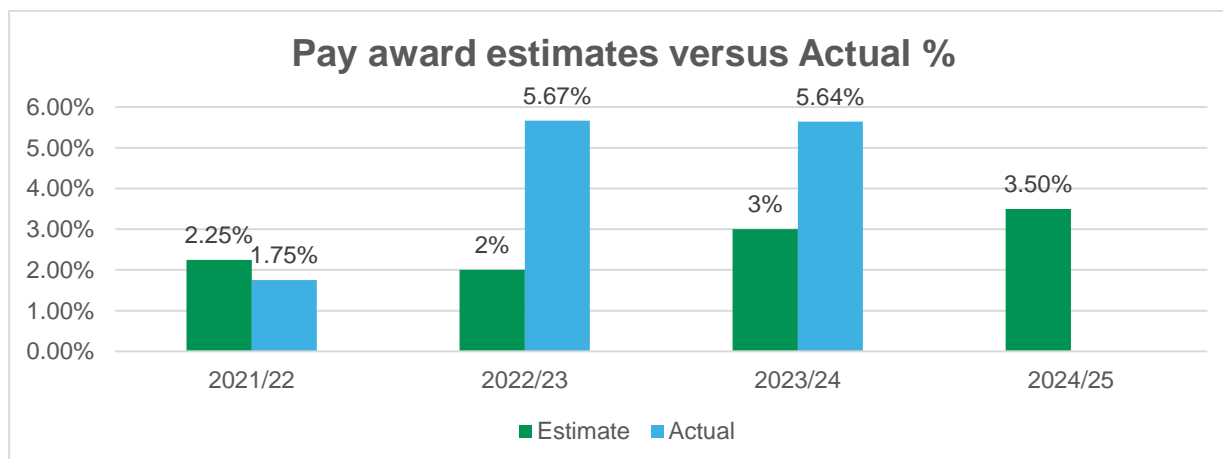
## 4.2 Pressures and Gains currently assumed in the General Fund 2024/25

4.2.1 The General Fund budget assumptions for 2024/25 now include growth pressures of £2.1 Million as set out below and are included in section 4.9 to this report.

Pressures	2024/25 MTFS	2024/25 Draft Budget	+/-	Comments
ICT review	£104,000	£104,000		Follows a review by the Society for Innovation Technology and Modernisation on the right size of the ICT operation to deliver on both Councils priorities, the MTFS assumes an increase in budget of £104K in 2024/25 (part year implementation).
ICT Licences, software and hardware costs	£205,000	£184,260	↓	Following a root and branch review of hardware and software costs and licences, however the cost in 2024/25 has reduced as some of the costs are for a proportion of the year only.
Car Park income losses	£300,000	£300,000		Although income is improving year on year, it is still not achieving pre-COVID levels. Latest MTFS shows a projected pressure in 2024/25 of £300K.

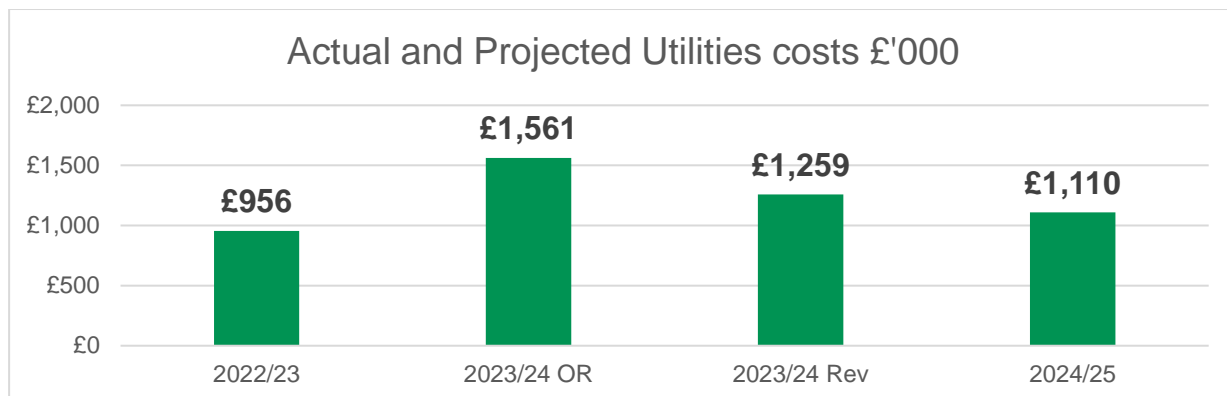
Pressures	2024/25 MTFS	2024/25 Draft Budget	+/-	Comments
Garage income losses	£85,000	£85,000		2024/25 Income will continue to be impacted because of the asbestos issue in the garages, although the introduction of on-line garage lettings has enabled the Council to reduce the losses more quickly than previously anticipated.
Inflation pressures	£1,464,000	£1,283,057	↓	This is based on the latest projections for utilities and a 3.5% pay award. The figure shown is net of costs charged to the HRA.
Local Plan costs	£100,000	£100,000		There is a need to complete number of studies for the next Local Plan update.
Housing Subsidy Admin	£10,000	£10,000		As housing benefit caseloads reduces (migration to Universal Credit), the subsidy payment also reduces.
Increase in Audit fees	£0	£66,700	↑	Notification by the PSAA of higher audit fees for 2023/24 onwards
Increase in Bank Charges	£0	£13,340	↑	Higher cost of processing the Council's income and expenditure
<b>Total Pressures identified</b>	<b>£2,268,000</b>	<b>£2,146,357</b>	↓	A reduction of £121,643 in costs

4.2.2 The General Fund BTB savings target accounts for the impact of higher inflationary pressures. The current MTFS targets may need to be increased again beyond 2024/25 if, for instance, pay inflation remains at the levels seen in 2022/23 and 2023/24. The pay awards since 2022/23 have been significantly above MTFS estimates as the National Joint Council (NJC) offer has sought to address the higher announced increases to the living wage. The table below shows the estimate versus actual since 2021/22.





4.2.3 Utility costs are projected to reduce from the peak projected for 2023/24 and have been modelled to be lower for this and next year. The current year's costs have reduced as highlighted in the table below. However, this remains an estimate and utility prices may still fluctuate based on economic and market conditions which drove the initial spike in costs.

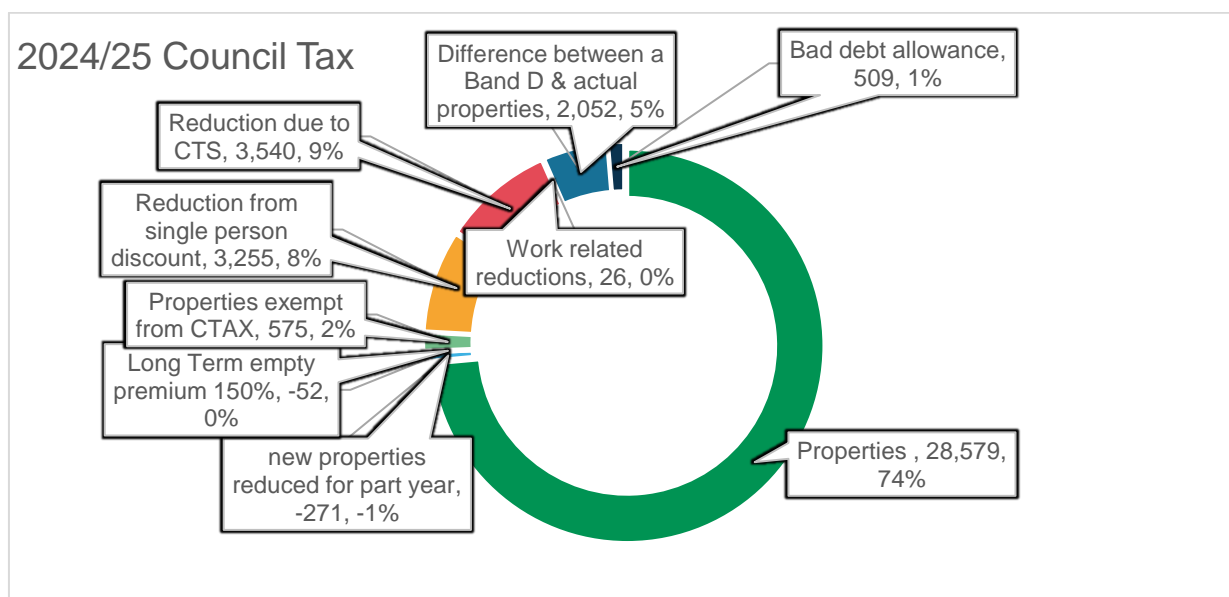


4.2.4 As noted in paragraph 4.2.1 Car Parking income is still below pre-pandemic levels and a reduction of £300K has been estimated for 2024/25. It should also be noted that commuter parking income has also been adversely impacted by train strikes during 2023/24.

### 4.3 Council Tax and Council Tax Support

4.3.1 The December 2023 Executive Council Tax base report showed an increase in the tax base of 1.51% compared to 2023/24. This includes an increase of 2% in the CTS caseload, (compared to the October 2023 caseload) and also known new housing numbers.

4.3.2 The impact of discounts and reliefs on the gross tax base or number of properties in Stevenage is summarised in the chart below.



- 4.3.3 The November 2023 Executive BTB report recommended that Members approve an increase of 2.99% for the Stevenage Borough Council share of the council tax which equates to £198,514 new income in addition to the increase in the taxbase (reported to the December 2023 Executive), which adds a further £99,039. Under the 2024/25 referendum regulations, the County Council (HCC) can increase council tax by 3% and, as noted previously, a further 2% for the Social Care precept and the Police and Crime Commissioner (PCC) can increase their share of council tax by up to £13 on a Band D.
- 4.3.4 Members should note that SBC only retains a relatively small part of the overall Council Tax raised each year. To illustrate this, taking a Band C property, (which is the biggest proportion of properties in Stevenage) the relative shares of council tax for a band C property are shown below.

Authority	2022/23	2023/24	Cost per week	Increase	Share 2022/23	Share 2023/24
Hertfordshire County Council	£1,359.38	£1,427.23	£27.45	4.99%	77.33%	77.35%
Stevenage Borough Council	£200.51	£206.50	£3.97	2.99%	11.40%	11.19%
Police Crime Commissioner	£198.22	£211.56	£4.07	6.73%	11.27%	11.46%
<b>Total</b>	<b>£1,758.11</b>	<b>£1,845.29</b>	<b>£35.49</b>	<b>4.96%</b>	<b>100.00%</b>	<b>100.00%</b>

- 4.3.5 An estimate of the 2.99% increase in council tax for Stevenage Borough Council is summarised in the table below.

Council Tax increase modelled for Stevenage Precept 2024/25				
Council Tax band	2023/24	2.99% increase	Total cost per year	Total cost per week
A	£154.87	£4.63	£159.50	£3.07
B	£180.69	£5.40	£186.09	£3.58
C	£206.50	£6.17	£212.67	£4.09
D	£232.31	£6.95	£239.26	£4.60
E	£283.93	£8.48	£292.41	£5.62
F	£335.56	£10.03	£345.59	£6.65
G	£387.18	£11.57	£398.75	£7.67
H	£464.62	£13.89	£478.51	£9.20

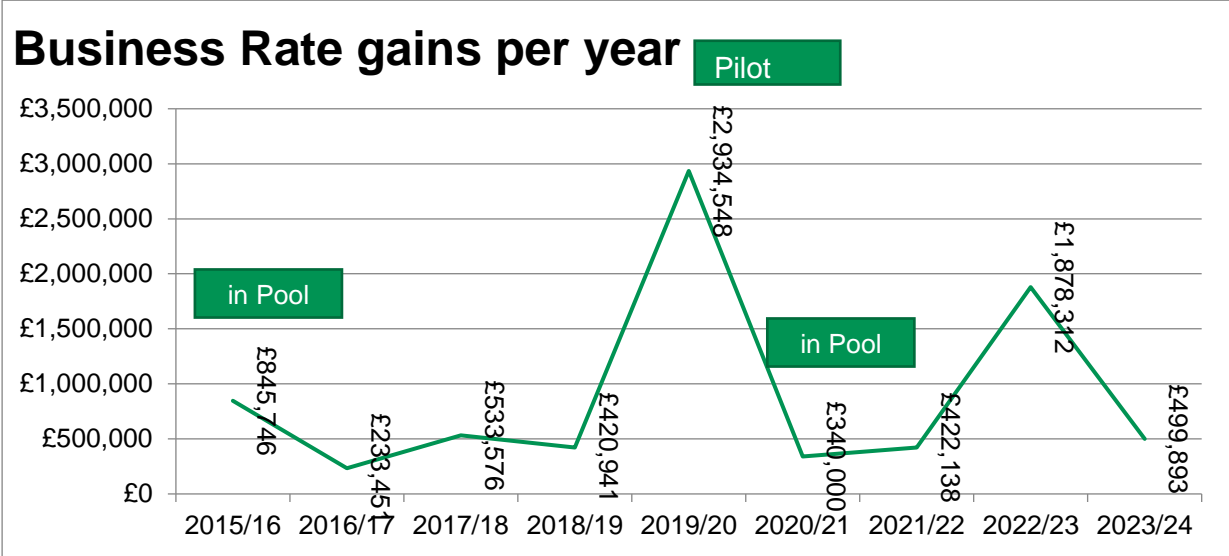
## **Council Tax Support**

- 4.3.6 A local CTS scheme cannot be revised for at least one financial year. Billing Authorities (such as SBC) must consider whether to revise or replace their scheme with another on an annual basis.
- 4.3.7 Any revision to a scheme must be made by the Council by the 11 March, immediately preceding the financial year in which it is to take effect and will require consultation with those affected. Additionally, consideration should be given to providing transitional protection where the support is to be reduced or removed.
- 4.3.8 The Council must, in the following order, consult with major precepting authorities, (i.e. Hertfordshire County Council and Police and Crime Commissioner (PCC) for Hertfordshire), publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme. The Shared Revenues and Benefits service wrote to both precepting authorities regarding the proposal for 2024/25.
- 4.3.9 The current **working age** scheme requires those on maximum benefits only to pay 8.5% of their council tax bill for the year. This equated to £156.85 for a Band C council home in 2023/24 on the total bill (with an additional 25% discount for a single person) or £3.02 per week.
- 4.3.10 Members approved a resolution, within the 20 September 2023 Executive Council Tax Support report, to retain the existing scheme for 2024/25. Members are asked to approve the existing scheme updated to reflect benefit changes for 2024/25.

## **4.4 Business Rates Income**

- 4.4.1 The MTFs and draft General Fund budget only includes the 2024/25 baseline funding for business rates, or the amount the government has assessed the Council needs under its funding formula, plus an assumption of £200K gains per year for the period 2024/25-2027/28.
- 4.4.2 Any NDR gains above the baseline have been used previously to fund time limited growth and regeneration objectives. The rules governing NDR accounting mean any estimated gains are taken in year and any difference between the actual and the estimate are taken from or, in the case of losses refunded to, the Collection Fund in future years. In the September 2023 MTFs the CFO recommended that due to the level of gains being achieved that a prudent level is assumed of £200K per year with any above this transferred to the NDR reserve to improve the resilience of the General Fund.
- 4.4.3 The level of business rates that the Council keeps each year is determined once the NDR1 form issued by the government is completed. This calculates business rates collectable, level of reliefs to be given in 2024/25 and S31 grants due. The November Balancing the Budget report recommended this be delegated to the CFO after consultation with the Resources & Transformation Portfolio Holder for the reasons set out in para.4.4.4.

- 4.4.4 In order to complete the NNDR1 to calculate the projected business rates for 2024/25, the year end release needs to be applied to the finance which means that a first draft will not be completed until 18-20 January 2024 as such after the publication of the January draft budget report. In addition, the Government has consulted on changes to the NNDR 1 for 2024/25 requiring further software changes which will also need to be received and tested before completion of the form.
- 4.4.5 The 2023/24 business rates will be reviewed as part of the NNDR1 activity. As at the 1 December there were reductions to the current year's yield due to prior year adjustments mainly rating appeals, which the council has provided for. Based on the current projections 2023/24 business rate income is in line with the current years estimate. Any difference if it materialises would be repaid or paid to the Collection Fund/General Fund in 2024/25.
- 4.4.6 Business rate gains fluctuate between financial years as shown below and as they cannot be guaranteed. Above the threshold of £200K they are used to help maintain the financial resilience of the General Fund, (i.e. in year shortfall on savings due to part year implementation), rather than to fund the running of day to day services.



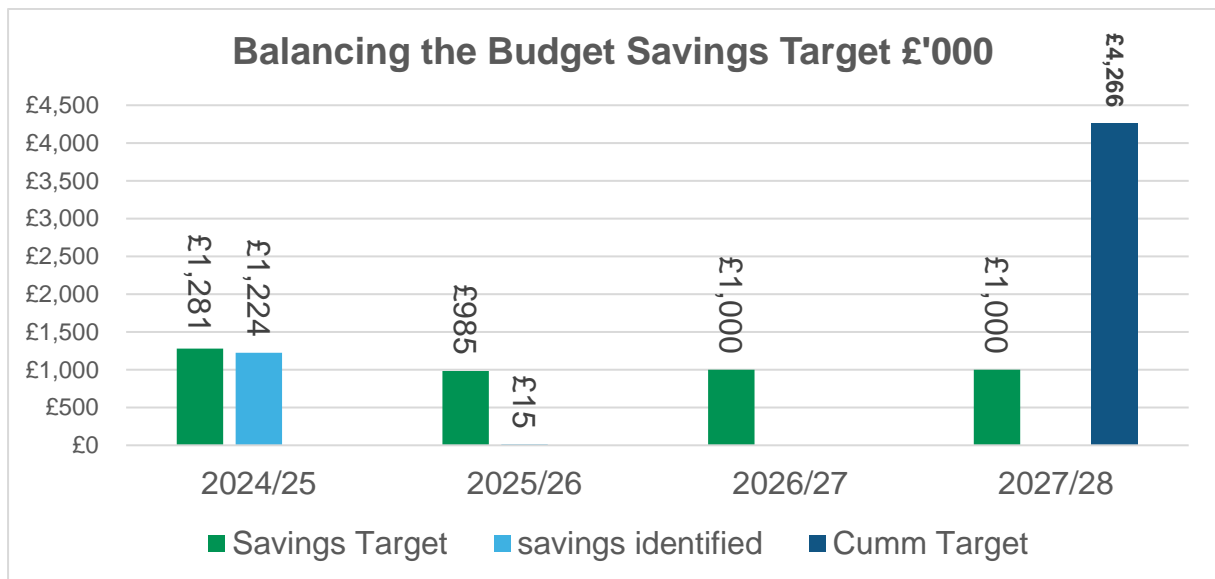
*Note: Pilot -75% of gains retained in Hertfordshire. Pool-A number of Hertfordshire Councils join and retain more gains through a lower levy*

- 4.4.7 When a 'pooling arrangement' is formed between a number of Districts and the County an amount of money is top sliced for growth bids, with a bigger share going to those Hertfordshire Councils not in the 'pool' that year. The County Council 'hold' the funds and this has built up over a couple of years and for Stevenage the amount that that can bid for to deliver economic development and growth is £220K. the following bids are proposed which Members are asked to support.

- **Project 1- Plot A Swingate SG1 Regeneration scheme. £150K**  
The money will support the Council's costs to set up a JV to help activate the first SG1 plot which will generate 261 homes on the former Swingate office site £150K (legals/commercials/tax advice)
- **Project 2- Support to Businesses for climate change initiatives £70K**  
To provide micro grants to SME's to support them to decarbonise and grow in Stevenage, the scheme would be run through SBC Economic Development Team and SME's would need to bid for the funding

#### 4.5 The Balancing the Budget Savings Target to Find

4.5.1 The September MTFS report set out the General Fund's savings target over the next four years (£4.27Million) with £1.23Million being required in 2024/25. The November 2023 Balancing the Budget report identified an increase to that amount of £57K as a result of higher growth bids recommended for inclusion in the budget than the 2024/25 MTFS growth allowance of £75K (see also para. 4.6.3)



4.5.2 The Balancing the Budget savings target will be kept under constant review due to points highlighted in section 3 of this report. The level of reserves required and therefore the level of savings is based on a risk assessment. Some of the more significant risks which could materialise and increase the need for further savings are summarised in the table below.

Expenditure and Income	Impacted by	Risk (to increase cost)
<b>Inflation</b>	Although price increases around utilities and fuel have fallen, there is still huge volatility in the market with the continual war in Ukraine.	medium

Expenditure and Income	Impacted by	Risk (to increase cost)
	The MTFS assumes a 3.5% pay award for 2024/25, a continuation of higher inflation may drive much higher pay negotiation outcomes (see also para 4.2.2)	high
	Projections for inflation will continue to exacerbate inflationary pressures in the General Fund and HRA for pay, goods and services, although month on month inflation increase has fallen, the base still includes the higher increases at circa 10%. (August CPI 6.2%, October CPI 4.6%, November 3.9%)	high
<b>Demand for services</b>	There may be an increase for support services such as homeless and advice and this puts further pressure on the Council's budgets	medium
<b>Fees and Charges</b>	The continual impact of 'Cost of Living Crisis' may impact the Council's fees and charges income which is required to support the funding of services.	medium
<b>Core funding</b>	The government has not signalled any new funding for the Public Sector and the MTFS includes a 'status quo' for grant funding, there is a risk that funding could be reduced will be removed. The IFS have estimated that, based on reasonable assumptions about what may be needed for the NHS and schools and existing commitments on defence, overseas aid and childcare, funding for other services in England may need to be cut by an average of over 3% per year in real-terms.	high
	Grant funding for new burdens is announced annually such as homeless or rough sleeper funding which makes recruitment and retention difficult on a permanent basis	high
	There is uncertainty around future years government funding.	high

#### 4.6 The 2024/25 Balancing the Budget Options process for the General Fund.

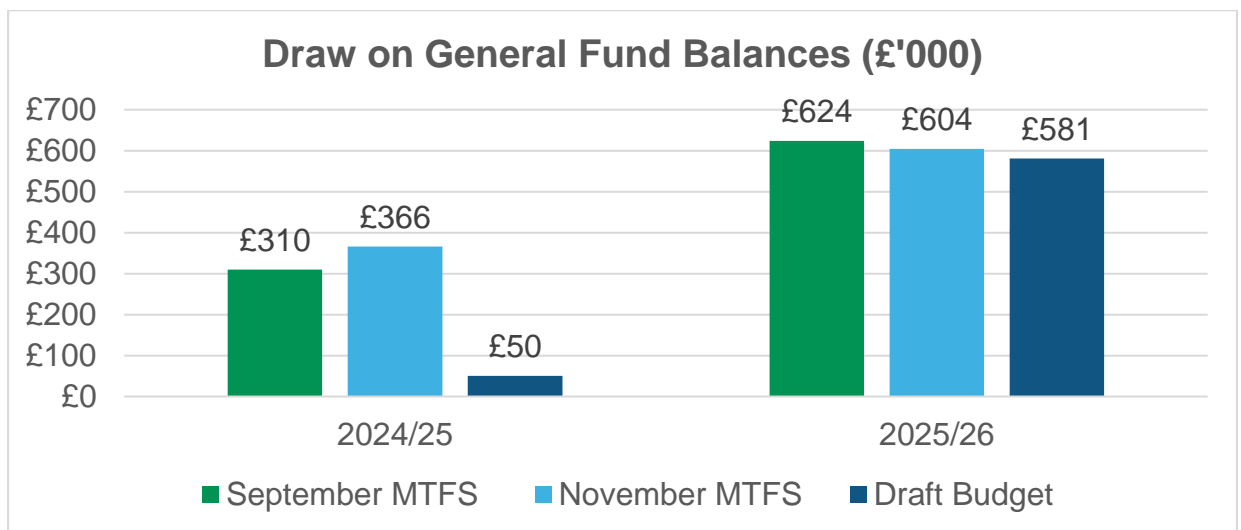
4.6.1 In recognising the scale of the savings required, the Council's Senior Leadership Team (SLT), agreed with the Executive Portfolio holders that a star chamber process would be undertaken looking at:

- New surplus income streams.
- Opportunities for grant funding.
- Opportunities to secure for full cost recovery concerning services provided for third parties.
- The potential to reduce / cease discretionary services highlighting related consequences.

- Opportunities to reduce service frequencies / standards e.g. from gold standard to bronze (whilst ensuring that statutory services continue to be provided).
- a review of cross cutting areas such as training, post etc.

4.6.2 This work was carried out during September and October 2023 and culminated in the options contained within this report. As noted previously due the identification of Commercial / Insourcing and Transformation opportunities has negated the need for service reductions being proposed for 2024/25 with the exception to changes to football pitches.

4.6.3 As set out in para. 4.5.1, the November 2023 BTB report identified a short fall in 2024/25 savings options of £56,710. However, a number of other cost/income factors have improved the General Fund’s financial position as shown in the table in para. 4.1.6 and within section 4.9 below. This has reduced the projected use of General Fund balances for 2024/25, mitigating the need to find more savings. As highlighted previously a major cost pressure for the General Fund is pay inflation and if a further pay award of circa 5% was agreed versus the 3.5% increase allowed for in the budget, this would increase costs by £340K for next year and each year on-going. Even without higher pay inflation in order to achieve the 2025/26 £581K draw on balances circa £1Million savings will need to be found and delivered.



#### 4.7 Balancing the Budget Savings 2024/25

4.7.1 The Council's Officers and Executive Members have been able to recommend a savings package for 2024/25 which maintains service provision. The sum value of options recommended for approval is summarised in the chart below and totals £1.223Million (Appendix A). These options remain unchanged from the November 2023 Executive Balancing the Budget report.



4.7.2 Part of the Transformation workstream reported to the September 2023 Executive resulted in one post being deleted for which redundancy costs of £40,000 will be incurred of which 50% will be charged to the General Fund in 2023/24. There are no redundancies projected for the 2024/25 savings package as the other 2024/25 Transformational options will be achieved through staff turnover or vacant posts.

4.7.3 The Council's Transformation programme is the key strand of the BTB corporate priority through which the Council can seek to maintain as much of its service offer as possible. This approach is deemed to be preferable to seeking year on year service cuts to meet the shortfall between funding and spend although it is highly likely that an element of year-on-year savings will still be required as part of a blended budget setting approach.

4.7.4 As part of the 2023/24 budget setting process (at the January 2023 Executive) Members approved the removal of the fireworks saving option (£18,000) and the Town Twinning savings option (£14,000) for one year and funded them from the allocated Business rates gain reserve. A review of all events in the Town to include fireworks has been undertaken during the current year and the following savings are recommended as alternative options to the removal of the fireworks and Town Twinning:

- Removal of free parking for town centre events
- Members attending Town Twinning paying for their transport and reducing the event to three days through holding business meetings remotely. This will result in accommodation and travel savings
- Reduction in Mayoral budgets (historic underspends)
- Reduction in the spend for 'celebrities' for Christmas light switch on events
- Cease filming of Pride of Stevenage awards
- Reduce costs of events through smarter working e.g. digital marketing



4.7.5 It is recommended that the options identified above are approved and the Fireworks and Town Twinning events are re-instated in the budget.

#### 4.8 Growth Options

4.8.1 The growth bids for 2024/25 remain unchanged from the November 2023 Balancing the Budget report and are summarised below.

Recommended Growth	2024/25 GF	2024/25 HRA	Comments
Payroll Apprentice	£15,410	£7,590	Development of the inhouse resource will result in reduction in reliance on third party contractor.
Graduate / Trainee Planner	£35,300	£0	To enable the service to continue its performance around bringing new revenue into the Council and to support the Council in growing its own staff.
Switch from diesel fuel to HVO for the Council fleet	£66,000	£9,000	This will support the Council ambition to lower its greenhouses gas emissions until the opportunity arises to an alternative power source for the fleet, reducing emissions by up to 90% or 795 tonnes per year implementation 1 October 2024. This would equate to £132K for 2025/26 (see Appendix E)
Street Scene digital operation solution	£15,000	£0	A digital system to manage and deliver the street and grounds maintenance service through improve scheduling, easier adjustment of frequencies of operation and real time job progress and could lead to future savings.
Woodlands Team -HRA post	£0	£30,675	Bid approved in part for one HRA post to review trees on HRA land
<b>Growth on-going</b>	<b>£131,710</b>	<b>£47,265</b>	
Green Space Development Officer- 2024/25 only	£35,410		Included for one year until review of allotments completed, funded from General Fund balances
<b>Growth 2024/25 only</b>	<b>£35,410</b>	<b>£0</b>	
<b>Total Growth</b>	<b>£167,120</b>	<b>£30,675</b>	

4.8.2 As part of the review of growth by SLT and the Executive , it is recommended that:

- The introduction of a 2nd Green Spaces Development Officer at a cost of £35,410 should continue for a further year to allow for a review of the allotment service processes and procedures to be undertaken and that the 2024/25 cost is funded from reserves.
- There is a need to review trees on HRA land and that one post should be approved to focus on the HRA trees at a cost of £30,368.

#### 4.9 Changes to the 2024/25 General Fund budget versus the September MTFS

4.9.1 The General Fund budget is now projected to be £11.427Million (with a draw on balances of £50K), versus the September General Fund projection of £11.373Million (and a draw on balances of £310K), an adverse difference of £53.5K, which is summarised below and includes the pressure detailed in section 4.2.

Changes to the 2024/25 Budget			
Expenditure and income	2024/25		Paragraph Reference
<b>September MTFS</b>		<b>£11,373,517</b>	
<b>Inflation:</b>			
Increased pay inflation	£78,101		<b>Para 4.9.3</b> refers
Increased contractual inflation	£80,919		<b>Para 4.9.3</b> refers
Reduction in utility inflation	(£339,963)	<b>(£180,943)</b>	<b>Para. 4.2.3 &amp; 4.9.3</b> refers
<b>Pressures:</b>			
External Audit Fees	£66,670		<b>Para. 4.9.4</b> refers
Bank Charges	£13,330		<b>Para. 4.9.4</b> refers
Reduction in cost of ICT software	(£20,740)		<b>Para. 4.9.4</b> refers
reduction in New Homes Bonus (NHB)	£2,710	<b>£61,970</b>	<b>Para.4.1.6</b> refers
<b>Charges to Other Funds:</b>			
Recharges to the HRA	(£341,113)		<b>Para 4.9.5</b> refers
Recharges to Capital	£202,990	<b>(£138,123)</b>	<b>Para 4.9.6</b> refers
<b>Growth Options:</b>			
Growth recommended for approval	£87,771	<b>£87,771</b>	This includes one off growth funded for a year ( <b>see para. 4.8.1</b> )
<b>Balancing the Budget Savings Options:</b>			
Options recommended for approval	£6,048		The September MTFS target was £1.23M.
2023/24 options	£36,000	<b>£42,048</b>	<b>Para 4.9.7</b> refers

Changes to the 2024/25 Budget			
Expenditure and income	2024/25		Paragraph Reference
<b>Use of Reserves:</b>			
Income guarantee reserve	£150,000		<b>Para 4.9.8 refers</b>
Transfer of ICT reserve to GF	£14,450	<b>£164,450</b>	<b>Para 4.9.8 refers</b>
Other:		<b>£16,400</b>	Small budget variances
<b>Total Changes</b>		<b>£53,573</b>	
<b>Revised General Fund budget</b>		<b>£11,427,090</b>	

4.9.2 The difference between the September MTFs and the draft budget is £53,573. Within that are a number of larger variances for which explanations are given below.

4.9.3 Inflationary pressures are estimated to be £181K lower than the September 2023 high level estimate as a result of:

- The total salary cost is now estimated to be £78K higher which represents 0.33% of the 2024/25 salary estimate based on the current salary establishment.
- Higher contractual inflation including an increase in business rates of £39K as result of the impact of transitional increases and increases.
- Reduction in utility prices as set out in paragraph 4.2.3.

4.9.4 Since the 2023 MTFs was reported a number of additional new pressures have arisen these include:

- External Audit Fees- the Council has been advised by the Public Sector Audit Appointments (PSAA) that from 2023/24 the scale fees for external audits have increased from £86K to £186K (General Fund and HRA share). Members will be aware the external audit sector has faced significant issues in terms of backlogs. Members should also note that the scale fees reduced when the Audit Commission was abolished by circa 50%.
- There has been an increase in bank transaction charges over the last couple of years as a result of an increase in card transactions and costs, totalling £20K of which £6K is recharged to the HRA.
- The ICT software and hardware pressure identified in the September 2023 MTFs of £205K has reduced by £20.7K as some of this increase starts part way through 2024/25 and the reduction has been re-profiled into 2025/26

4.9.5 Recharges to the HRA have increased due to a number of factors which include:

- HRA share of increased External Audit fees - £33K
- HRA share of increased bank charges £6K
- HRA growth for management of HRA trees (see also para 4.8.2)
- A number of cost drivers are based on headcount (ICT, HR & payroll, employee insurance etc) and the number of HRA staff as a proportion of

the overall head count has increased from 33% to 38% and this has increased the HRA's share of support costs.

4.9.6 Officer time charged to capital (TA) is now projected to be £202K lower (£302K to £100K) in 2024/25 due to the switch from capital to more revenue projects such as the garages and commercial stock. While this has now been recognised in the General Fund for next year, Members should also be aware that a review of the structure of the property team is currently underway and any changes that impact on the General Fund further (favourable or adverse) will be reported back to Members as part of the quarterly monitoring reports.

4.9.7 One of the 2023/24 savings option was a commercial let for Shephalbury depot (estimated at £100K for 2024/25). The structure of the rental agreed means the income is lower in the first two years than the savings option approved, but exceeds the target thereafter and this has been built into the revised MTFS.

4.9.8 The 2024/25 budget assumed a number of allocated reserve movements:

- A Contribution of £150K from the income equalisation reserve, to support General Fund balances in recognition of the current parking losses estimated. However due to the revised draw on balances for next year and the level of increase in fees and charges for 2024/25, plus the risk around fees in the current economic climate, the CFO recommends not returning these monies to the General Fund. This means the income equalisation balance for 2024/25 remains unchanged at £750K which represents 3% of the Council's fees and charges budgets. This reserve can be drawn down on should fees and charges fall below the budgeted amount in year.
- A Contribution of £100K was assumed from the ICT reserve for 2024/25, however some of the reserve was required in year and the amount available to be transferred back to the General Fund is £14K lower.

4.9.9 Although the 2024/25 General Fund net expenditure is £53K higher than the September 2023 MTFS, core resources have also increased which has mitigated the increase in expenditure and reduced the draw on balances this is because:

- Government funding is higher (see para 4.1.6)
- The projected surplus for Council tax relating to this and prior years is higher by £128K
- The Council tax base increase approved at the December Executive was a 1.51% increase versus a 1% in the September MTFS (£35K)

<b>Comparison of September and Draft Budget</b>			
	<b>September MTFS</b>	<b>Draft Budget</b>	<b>Variance</b>
<b>Net Budget</b>	<b>£11,374</b>	<b>£11,427</b>	<b>£54</b>
<b>Core Resources:</b>			
Government funding*	(£3,589)	(£3,740)	(£150)
Business gains assumed	(£200)	(£200)	£0
Council Tax	(£6,803)	(£6,838)	(£35)

<b>Comparison of September and Draft Budget</b>			
	<b>September MTFS</b>	<b>Draft Budget</b>	<b>Variance</b>
Council tax surplus	(£30)	(£158)	(£128)
Business Rate (surplus/deficit)	(£441)	(£441)	£0
<b>Total Core Resources</b>	<b>(£11,063)</b>	<b>(£11,377)</b>	<b>(£313)</b>
<b>Draw on balances</b>	<b>£310</b>	<b>£50</b>	<b>(£260)</b>

*\*NHB is shown in net expenditure*

#### **4.10 2023/24 Budget changes**

4.10.1 The 2023/24 General Fund budget is projected to increase by £400,038 predominately as a result of the 2023/24 pay award being higher than budgeted (5.64% versus 3%) and reducing utility costs. A summary of the changes is detailed below.

<b>Changes to the 2023/24 Budget</b>		
<b>Expenditure and income</b>	<b>2023/24</b>	<b>Comments</b>
<b>General Fund working budget</b>	<b>£12,872,920</b>	
Increased pay award	£554,690	The impact of the pay award over than budgeted (MTFS estimate was £565K and this projection is £10K lower)
Increase in bank charges	£13,330	See <b>para 4.9.4</b>
Increase in external audit fees	£66,670	see <b>para 4.9.4</b>
Increase in Member allowances	£13,810	Adjustment for the actual pay award at 3.88% and small correction to original budget
Reduction in Utility inflation	(£6,090)	Small reduction in utility and fuel inflation
Business Rate Pooling gains	(£220,000)	See <b>para. 4.4.7</b> funding for SG1
Use of Pooling gains	£70,000	See <b>para. 4.4.7</b> funding for SG1
Increase in recharges to the HRA	(£133,350)	As a result of higher salaries in the General Fund
Other	£40,980	
<b>Total Changes</b>	<b>£400,040</b>	
Revised General Fund budget	<b>£13,272,960</b>	

#### **4.11 Level of Balances required for General Fund and projected balances**

4.11.1 The September 2023 MTFS assumed that the minimum level of balances required would be £3.5Million. A full assessment has been carried out and

detailed in Appendix C and, accordingly, the minimum level of balances now totals £3,537,794. However, this will need to be kept under review based on the risks set out in this report.

4.11.2 The projected General Fund balances and council tax requirement are set out below. This table does not include assumptions regarding business rate gains for 2024/25 or a revision to 2023/24 which will be included in the General Fund February 2024 Draft budget report.

General Fund Budget	2023/24 Estimate	2023/24 Projected	2024/25 Estimate
Net Expenditure	£12,463,780	£13,272,960	£11,427,090
(Use of)/ Contribution to Balances	(£572,268)	£1,330,421	£50,494
<b>Budget Requirement</b>	<b>£11,891,512</b>	<b>£14,603,381</b>	<b>£11,477,584</b>
Revenue Support Grant	(£102,052)	(£102,052)	(£108,811)
Service Grant	(£104,041)	(£104,041)	(£16,371)
3 % guarantee grant	(£78,399)	(£78,399)	(£291,982)
Total grant support	<b>(£284,492)</b>	<b>(£284,492)</b>	<b>(£417,164)</b>
Business Rates net of tariff and levy	(£1,338,970)	(£1,389,996)	(£2,707,177)
S31 grants NNDR	(£2,233,191)	(£2,233,191)	(£815,229)
Total in year business rates	<b>(£3,572,161)</b>	<b>(£3,623,187)</b>	<b>(£3,522,406)</b>
(Return) /Contribution to Collection Fund (NDR) re 2021/22 & 2022/23	(£1,535,040)	(£1,535,040)	(£440,820)
(Return) /Contribution to Collection Fund (NDR) re 2020/21	£86,839	£86,839	£0
Collection Fund Surplus (ctax)	(£46,290)	(£46,290)	(£158,277)
Council Tax Requirement	£6,540,369	£6,540,369	£6,837,929
Council Tax Base	28,153	28,153	28,579
Council Tax Band D	£232.31	£232.31	£239.26
Council Tax Band C	£206.50	£206.50	£212.67

## 4.12 Medium Term Financial Strategy General Fund Summary

4.12.1 The MTFS modelling has been updated to reflect the contents of this report and is summarised below.

General Fund balances £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Opening Balance	(£5,954)	(£4,623)	(£4,573)	(£3,991)	(£3,782)
In Year	£1,330	£50	£581	£209	(£177)
<b>Closing Balance</b>	<b>(£4,623)</b>	<b>(£4,573)</b>	<b>(£3,991)</b>	<b>(£3,782)</b>	<b>(£3,959)</b>
Minimum balances	(£3,547)	(£3,537)	(£3,537)	(£3,537)	(£3,537)
<b>Closing Balance versus minimum level</b>	<b>(£1,076)</b>	<b>(£1,036)</b>	<b>(£454)</b>	<b>(£245)</b>	<b>(£422)</b>

( )=more balances than the minimum level

4.12.2 the risks to setting a balanced budget going forward are that:

- The funding assumptions included in the SRR23 show a decrease for unprotected services, such as some of those provided by District and Borough Councils, going forward.
- There is a need to make on-going annual savings for the reasons set out in sections three and five to this report.
- The General Fund Capital Strategy has a future funding shortfall and the capital spend in 2024/25 has been rationalised and may require contributions from the General Fund to support investment.

4.12.3 In addition to the risk assessment of balances to support the General Fund's financial resilience, there are two further allocated reserves available which are summarised below. The CFO recommends they are retained at the projected levels in case they are needed to support the General Fund in year.

Reserves £'000	Closing 2022/23	Use/(to)	Closing 2023/24	Use	Closing 2024/25
Income equalisation Reserve	(£458)	(£300)	(£758)	£0	(£758)
Gains (NNDR)	(£656)	(£1,550)	(£2,206)	(£170)	(£2,375)
<b>Total Available to support the GF</b>	<b>(£1,114)</b>	<b>(£1,850)</b>	<b>(£2,964)</b>	<b>(£170)</b>	<b>(£3,133)</b>

Reserves £'000	Opening 2023/24	Use/(to)	Closing 2023/24	Use	Closing 2024/25
NHB reserve (1)	(£253)	£0	(£253)	£243	(£10)
Transformation Reserve (2)	(£714)	£54	(£660)	£0	(£660)
Homeless reserve (3)	(£429)	£335	(£94)	£94	£0
Planning Delivery (4)	(£165)	£90	(£75)	£60	(£15)
Queensway Car Park monies (5)	(£79)	(£43)	(£122)	(£43)	(£165)
Town square reserve (6)	(£1,059)	£63	(£996)	£68	(£928)
Regeneration Reserve (7)	(£264)	(£35)	(£299)	£100	(£199)
Insurance reserve (8)	(£78)	£16	(£62)	£0	(£62)
ICT reserve (13)	(£327)	£241	(£86)	£86	(£0)
Town centre (14)	(£12)	£12	(£0)	£0	(£0)
Leisure (15)	(£150)	£10	(£140)	£140	£0
Future Councils reserve (9)	(£750)	£375	(£375)	£375	£0
Stevenage works (10)	(£53)	£0	(£53)	£0	(£53)
Asylum seekers reserve (11)	(£50)	£0	(£50)	£50	£0
Commercial Property repair reserve (12)	(£41)	£0	(£41)	£0	(£41)
<b>Revenue Reserves for specific purpose</b>	<b>(£4,423)</b>	<b>£1,119</b>	<b>(£3,304)</b>	<b>£1,171</b>	<b>(£2,132)</b>

4.12.5 There is a planned use of £1.1Million and £1.2Million in 2023/24 and 2024/25 respectively. The reserves are used for as follows:

1. NHB reserve was created to hold NHB allocations so that the General Fund did not become reliant on the funding. This reserve has reduced from its peak of £1.6Million to £7.4K in 2024/25.
2. Transformation Reserve is used to hold the monies set out for the Council's Transformation programme including improving the Council's digital offer and streamlining processes to give better outcome for residents. The spend for 2024/25 is still to be concluded and an update will be included in the February 2024 Executive report.
3. These are ringfenced government Homeless grants which are used to support the Council's homeless function including additional staff resources.
4. Planning Delivery is required to support the surveys for the Local Plan and is used over and above the General Fund allocation in 2024/25 of £100K.
5. Queensway Car Park Monies - this is the income from the Queensway Limited Liability Partnership (LLP) for parking income. This money has been ringfenced to support the fit out of future commercially tenancies on Queensway North.
6. Town Square Reserve - the monies are held to support the running costs of assets acquired for regeneration purposes.
7. The Regeneration reserve is used to fund one off additional costs incurred by the Regeneration Team to support the teams projects including professional and legal advice.
8. The Insurance reserve is used to support adhoc preventative works to reduce potential future claims where no core budget is in place.
9. The Future Councils Reserve is used to ringfence the £750K of funding received by the government, part of which is being spent in the current year for digital improvements and cyber security. The Council was one of only eight Councils to successfully bid for funding.
10. Stevenage Works is a job and training hub / partnership which comprises SBC, North Herts College and Job Centre Plus. The funding in the reserve has yet to be forecast and an update will be included in the February report.
11. These are ringfenced Asylum grants which are used to support the Council's homeless function including the provision of additional staff resources. The funding in the reserve has yet to be forecast and an update will be included in the February 2023 Executive report.
12. The Commercial Property Reserve is a reactive pot which can be used to support works to the commercial estate if expenditure is above the in-year budget allocation.

4.12.2 There are a number of reserves where the monies are all spent by 31 March 2024 and these include;

13. ICT Reserve - this was used to absorb pressures in year, however a review of software and infrastructure pressures has been undertaken the results of which are included in the General Budget on-going for 2024/25 and the balance on the reserve has been returned to the General Fund to underwrite some of those costs in 2024/25
14. The Town Centre reserve was set up from monies transferred to the Council when the Council took back the Town Centre Management



function and has been used to support events in the Town Centre. A review of events has been undertaken as set out in this report.

15. The Leisure Reserve was set up to support the retendering and delivery of the new leisure management contract and the remaining balance has been used to support capital improvements to the Council's leisure assets included in the Draft Capital Strategy to this January 2024 Executive.

#### **4.13 Chief Finance Officer's Commentary**

4.13.1 The Chief Finance Officer is the Council's principal financial advisor and has statutory responsibilities in relation to the administration of the Council's financial affairs (Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988). This commentary is given in light of these statutory responsibilities.

4.13.2 The Council has evolved its budget strategy to meet multiple challenges as set out in this report and the financial strategy to deal with this is the 'Balancing the Budget' strand of 'Future Town Future Council'.

4.13.3 Officers regularly update the MTFS to ensure that a clear financial position for the Council can be demonstrated over the next five years. This medium term view of the budget gives a mechanism by which future 'budget gaps' can be identified allowing for a measured rather than reactive approach to reducing net expenditure. Work is ongoing throughout the year to seek to bridge the Balancing the Budget funding gap.

4.13.4 The Council has taken significant steps over recent years to balance its budget and the current projections show that the on-going balanced budget will be achieved by 2027/28 ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure. However, this relies on a significant savings target being achieved (see section 4.5) and inflation reducing in the medium term and government funding in line with that projected in the MTFS.

4.13.5 The impact of COVID and the Cost of Living crises have increased financial risk to Councils with resultant increases in inflation and lower fees and charges. The Council has however taken a number of financial resilience measures taken/for approval which increase the security of the Council's position, are:

- A risk assessment of balances to ensure general reserves held take the increased risk from recessionary pressures into account.
- The income equalisation reserve (£758K by 31 March 2024) which can be returned to the General Fund if fees and charges are lower than projected.
- Reduce the use of reliance on Revenue Contributions to Capital (RCCO) by identifying sites for disposal and using capital receipts rather than revenue (September 2020 MTFS report). However, the Capital Strategy report to the October 2023 Executive set out a number of steps that needed to be taken and in the interim RCCO may need to be used to fund any capital resourcing gap.

- Identification of a sufficient level of on-going Balancing the Budget options to ensure the General Fund is above or at the minimum level of balances.
- Use of any business rate gains only when realised above the £200K identified and ring fenced to maintain the financial resilience of the General Fund and thereafter FTFC priorities. The projected balance as at 31 March 2024 projected to be £2.375Million
- A transformation programme to deliver savings for both the General Fund and HRA.
- A Commercial and Insourcing Strategy to look for opportunities to increase the Council's income from new commercial options, ensuring fees and charges are set based on the cost of services and any insourcing opportunities.

4.13.6 The current projections of balances and the measures the Council has taken to date as set in this report mean that the level of balances projected are sufficient to set the 2024/25 budget.

4.13.7 While delivering this budget, the Council is also continuing to deliver its ambitious programmes to redevelop and regenerate the town centre and to provide more social, affordable and aspirational homes. Whilst both programmes offer great opportunities for the town and local residents they also carry the risk of potentially needing more resources. There is a ring-fenced reserve for Regeneration and further estimates of resources have been included in the General Fund MTFS.

#### **4.14 Contingency Sums**

4.14.1 Executive Members will recall that a Contingency Sum needs to be determined by the Council as part of the Budget and Policy Framework in order to avoid the need for Council to consider all supplementary estimates during the course of the year. This contingency sum constitutes an upper cumulative limit during the financial year within which the Executive can approve supplementary estimates, rather than forming part of the Council's Budget Requirement for the year. A sum of £400,000 is proposed for 2024/25, this remains unchanged from the current year, however, as always, due regard will need to be given to breaching minimum balances.

#### **4.15 Consultation**

##### **Council Financial Security Group (CFSG) (25 October 2023)**

4.15.1 CFSG was presented with savings and growth options for consideration for 2024/25 balancing the budget. No voting was carried out for saving options, however, the group did consider the nine growth options (as detailed at Appendix A) and scored them by "do not support" 0 point, "support but low priority" 1 point and "support with high priority" 3 points. The table below shows the results.

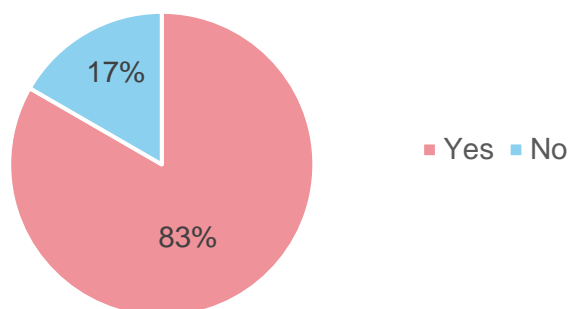
<b>Growth bids received for 2024/25</b>	<b>Score</b>	<b>Recommended as per paragraph 4.6</b>
Payroll Apprentice*	12	Yes
Graduate Planner*	12	Yes
Change remit of Planning Manager posts x 2	6	No
Improvement to finance ledger system	10	No – looking to fund through alternative sources
2nd Green Spaces Development Officer**	7	One year
Switch from diesel fuel to HVO*	9	Yes
Additional street scene manager	9	No
Creation of woodland team	10	1 post in HRA
Street scene digital operation solution*	6	Yes – a catalyst for further savings

### **Corporate Plan – six-week consultation starting 23 October**

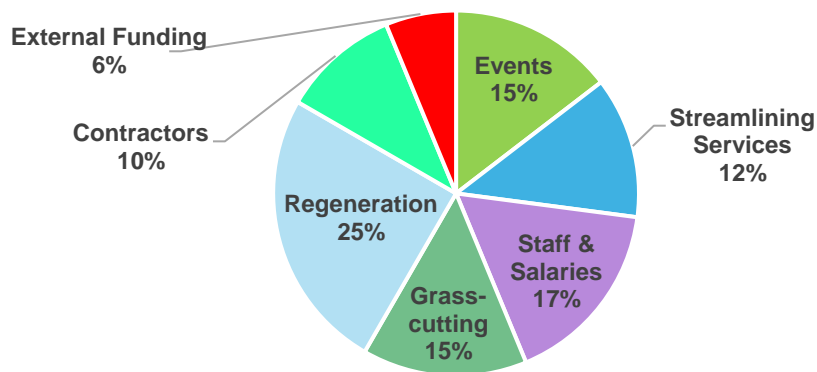
4.15.2 The Councils final draft Corporate Plan is also on the agenda for today's Executive meeting. As part of the process to co-produce the Corporate Plan consultation was undertaken to include ascertaining if respondents:

- Agree that Balancing the Budget should be a priority so that the Council can remain financially resilient and continue to deliver key services as set out in the Corporate Plan?
- If no, is the alternative is to reduce services and provide less?
- If yes, what should the Council stop doing to generate £1.23Million savings?

4.15.3 83% of respondents to the consultation agreed that Balancing the Budget should be a priority:



4.15.4 All survey respondents were asked for financial savings suggestions. The responses can be categorised into seven themes:



- Regeneration work would attract new businesses to the area which would increase business rate revenue and car parking income (25%). – *The Council has opened a new Multi Storey car park and is working with partners to bring new business into the town, also improving the business rates collected and retained by the Council.*
- Reduce Staff and Councillor salaries (17%). – *The Council’s Member allowances are reviewed and agreed by an Independent Remuneration Panel and staff pay is governed by the collective pay agreements as agreed with the unions.*
- The Council should consider selective grass-cutting allowing green spaces to grow wilder (within safe reasons) and reduce maintenance costs for grass cutting etc. (15%) – *The Council has already implemented this as a measure with an associated cost reduction.*
- Streamlining services (12%) – *The Council has a transformation programme which aims to streamline processes and reduce costs.*
- Reduce use of Contractors (10%) – *The Council has a Commercial and Insourcing Strategy which includes reviewing contracts to see if they can be brought back in-house at the point of re-tendering.*
- Reducing or cancelling events such as the November Fireworks Display, or those held on the Event Island and the Stevenage Museum. (15%)- *The Council has reviewed the cost of events to reduce their associated cost as set out in para. 4.78-4.7.9*
- Seeking external funding to plug the financial gap (6%). *The Council has actively sort external funding and has received circa £80Million of revenue and capital funding over the last few years.*

### Resident Survey (2021)

4.15.3 The 2021/22 survey highlighted that resident’s number one cost reduction preference is for the Council to provide more online services. The ranking of this option increased since 2017 which supports the Transformation programme as a method to reduce costs, improve efficiency / productivity and customer service.

Please tell us your order of preference for each of the following options by ordering them 1 to 5	2021 rank	2017 rank	1 <sup>st</sup>
Reduce time and money spent on paperwork by interacting with more residents and customers online	1	1	41%

<b>Please tell us your order of preference for each of the following options by ordering them 1 to 5</b>	<b>2021 rank</b>	<b>2017 rank</b>	<b>1<sup>st</sup></b>
Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible	2	3	24%
Spend less by reducing or cutting the services that you tell us are not a priority	3	2	16%
Make money by selling more of our services to residents and customers	4	5	9%
Increase our element of Council Tax (for example from 51p per day to 55p per day)	5	4	10%

4.15.4 The 2021 residents' survey asked residents whether the council tax represented value for money. While strongly disagree has increased (from 7% to 15%), overall 52% (up from 46% in 2017) agree it represents value for money as shown in the chart below.

	<b>Responses</b>	<b>2021</b>	<b>2017</b>	<b>2015</b>	<b>2013</b>	<b>2011</b>
<b>To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?</b>	Strongly agree	16%	10%	7%	6%	6%
	Tend to agree	36%	36%	39%	39%	40%
	Neither	18%	30%	30%	35%	33%
	Tend to disagree	10%	17%	18%	17%	16%
	Strongly disagree	15%	7%	6%	5%	5%
	Don't know (DNRO)	4%				
	<b>Summary: Agree</b>	<b>52%</b>	<b>46%</b>	<b>46%</b>	<b>45%</b>	<b>46%</b>
	<b>Summary: Disagree</b>	<b>26%</b>	<b>24%</b>	<b>24%</b>	<b>22%</b>	<b>21%</b>

## **5 IMPLICATIONS**

### **5.1 Financial Implications**

5.1.1 The report deals with Council finances and as such all implications are contained in the main body of the report.

5.1.2 Savings options are required to follow the Budget and Policy Framework as set out in Paragraph 3.1.10. Fees and charges require a report to the Executive and were included in the Commercial and Insourcing Strategy to the October 2023 Executive.

### **5.2 Legal Implications**

5.2.1 The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, together

with contributions from reserves, in order to determine a net budget requirement to be met by government grant and council tax.

### **5.3 Policy Implications**

5.3.1 The report deals with Council policy and as such all implications are contained in the main body of the report.

### **5.4 Staffing and Accommodation Implications**

5.4.1 The 2024/25 budget options include the redundancy of one member of staff, following a consultation period. All other staff options will be achieved through staff turnover.

5.4.2 In compliance with SBC's Organisational Change Policy any proposals that involve potential redundancies will be fully consulted on with the trade unions and affected staff for a minimum 30-day consultation period, and again may therefore change depending on the outcomes of the consultation process.

5.4.3 Wherever possible staff who find themselves in a redundancy situation will be redeployed to a suitable alternative post. If that redeployment results in the staff affected moving into a lower-graded, post pay protection will apply for a 12-month period.

### **5.5 Equal Opportunities Implications**

5.5.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Council has a statutory obligation to comply with the requirements of The Act, demonstrating that as part of the decision-making process, due regard has been given to the need to:

- Remove discrimination, harassment, victimisation and any other conduct that its unlawful under this Act
- Promote equal opportunities between people who share a protected characteristic and those who do not
- Encourage good relations between people who share a protected characteristic and those who do not.

5.5.2 These duties are non-delegable and must be considered by Council when setting the Budget in February 2024.

5.5.3 To inform the decisions about the Budget 2024/25 officers have begun Equality Impact Assessments (EqIAs) and an overarching EQIA for the budget has been produced to inform the decision taken by Council in February 2024. This EqIA is summarised and attached in **Appendix D** with further information on the process to date and planned activity.

## **5.6 Risk Implications**

- 5.6.1 There are risk implications to setting a prudent General Fund budget if the Financial Security options identified in Appendix A are not achieved and crucially if future options are not found to meet the targets outlined in the report.
- 5.6.2 There are a number of risks that have been identified and these are set out in the report.

## **5.7 Climate Change Implications**

- 5.7.1 The Council declared a climate change emergency at the June 2019 Council meeting with a resolution to work towards a target of achieving net zero emissions by 2030. The Transformation programme and the digital on-line agenda will contribute to reducing the Council's carbon footprint. In 2023/24 the Council approved an additional officer post to support its efforts meet its climate change goals. Included in the 2024/25 options is a growth bid to convert the Council's fleet from diesel to use hydrogenated vegetable oil (HVO) in order to reduce the Council's carbon emissions. The business case setting out the carbon reductions is appended to this report (Appendix E).

## **BACKGROUND DOCUMENTS**

- BD1 General Fund Medium Term Financial Strategy (2023/24-2027/28) September 2023 Executive
- BD2 Commercial and Insourcing Strategy October 2023 Executive (including fees and charges)
- BD2 Balancing the Budget November 2023 Executive

## **APPENDICES**

- Appendix A General Fund and HRA Budget Options
- Appendix B General Fund Growth Options
- Appendix C Risk Assessment of Balances
- Appendix D Equalities Impact Assessment
- Appendix E Business Case for HVO fuel